

Freddie Woodson, Deputy Superintendent
School Operations

SUBJECT: REQUEST SCHOOL BOARD APPROVAL OF THE TERMINATION OF THE CHARTER SCHOOL CONTRACTUAL AGREEMENT WITH OXFORD ACADEMY OF MIAMI, INC., ON BEHALF OF OXFORD ACADEMY OF MIAMI

COMMITTEE: INSTRUCTIONAL EXCELLENCE AND COMMUNITY ENGAGEMENT

LINK TO DISTRICT STRATEGIC PLAN: GENERAL OPERATIONS

Section 1002.33(8), Florida Statutes, and the contract between the charter school and the School Board, provide guidelines for the termination of a charter school contract and for the dissolution of a charter school.

History & Overview

The initial charter school contractual agreement for Oxford Academy of Miami, Inc., on behalf of Oxford Academy of Miami (Oxford or School), was approved by The School Board of Miami-Dade County, Florida (School Board), on April 13, 2005, for a term of five years, commencing with the 2005-2006 school year. Under the current contractual agreement, Oxford is authorized to serve a maximum of 450 students in kindergarten through grade five through June 30, 2010. Oxford is currently located at 10870 Southwest 113 Place, Miami, Florida 33176, and serves approximately 119 students in kindergarten through grade five.

Good Cause Basis for Immediate Termination of Contract

Section 1002.33(8)(d), Florida Statutes, provides that a charter may be terminated immediately "if the sponsor determines that good cause has been shown or if the health, safety, or welfare of the students is threatened." Here, the School Board may terminate this charter school contractual agreement between Oxford and the School Board, for the following reason:

- (1) Failure to meet financial reporting requirements and maintain effective standards that demonstrate sound fiscal management [Part I, section A (6)(b)];
- (2) Failure to comply with the timely submission of all financial statements in the required format specified by the Sponsor [Part IV, section A(8)]; and
- (3) Failure to have an acceptable annual audit and timely submit financial reports or other reports required by section 1002.33(9)(g), Florida Statutes.

Moreover, the fact that the School has been in a state of financial emergency for the past three years, also constitutes good cause to terminate the charter.

Financial Performance

For the 2006, 2007, and 2008 fiscal years, Oxford has been designated as a charter school in a state of financial emergency, pursuant to Section 218.503, Florida Statutes. Detailed below are the financial conditions of the School which met the qualifications of the determination of financial emergency.

2006 FY: At the conclusion of the 2006 fiscal year, the School's audited financial statements indicated an unrestricted net asset fund balance deficit of \$52,371 and there were insufficient resources to cover the deficit as the assets at that time were only \$42,419. Current liabilities of \$94,790 far exceeded the School's assets. These liabilities included a \$40,100 interest-free note, payable on demand, to Oxford's President.

In addition, there were governing board administration expenses of \$129,001, and school administration expenses of \$109,846, which were excessive in relation to the total expenditures. Also, denoted in the financial statements was the payment of \$195,574 in rent to a company owned by the president of the governing board. The School submitted a financial recovery plan which relied primarily on an increase in enrollment, an intention to apply for grants and raise funds from parents and the board of directors, as well as reducing costs by changing accounting and payroll firms. At that time, this plan was accepted by the Audit Committee and the School Board.

2007 FY: The 2007 audited financial statements were due from the School on September 1, 2007. However, Oxford Academy failed to submit audited financial statements until May, 2008. At the conclusion of the 2007 fiscal year, the School had an unrestricted net asset deficit of \$104,272 and insufficient resources to cover this deficit. Again, current liabilities of \$91,361 far exceeded current assets of \$31,189. The School's financial recovery plan was submitted at the same time as the audit. However, the Plan was deemed unacceptable because it failed to provide a date certain as to when the School would no longer be in a state of financial emergency and indicated that the School would have an even larger net asset deficit at the end of the 2008 fiscal year. The School has failed to meet the goals of the financial recovery plans as well as the projected budgets. Instead, the School's net asset position has progressively deteriorated. Oxford was provided the opportunity to revise the plan and resubmit it. No revised plan was ever received by the Office of Management and Compliance Audits.

2008 FY: At the conclusion of the 2008 fiscal year, the School had a net asset deficit of \$103,937 and a general fund balance deficit of \$65,637. Again, there were insufficient resources to cover these deficits. Also, the School did not achieve its projected cost reductions and/or revenue increases set forth in either its 2006 or 2007 financial recovery plans. Finally, the external auditor issued a qualified opinion since the School did not present the required management's discussion and analysis (MD&A) or the budgetary comparison information as part of the supplementary information. These

conditions have resulted in Oxford meeting the criteria of determination of financial emergency for a third consecutive year as well as doubts as to the School's ability to continue as a going concern.

The State Attorney's Office commenced a criminal investigation of the school in February 2007 based on a draft of a special audit directed by the School Board's Audit Committee. A search warrant of the school's premises was executed in August 6, 2007, and the investigation is ongoing.

Academic Performance

Oxford has been ineligible to be graded under Florida's System of School Improvement and Accountability as it has never met the threshold of serving at least 30 students with valid FCAT scores in reading and math in both the current year and the previous school years, pursuant to State Board of Education Rule 6A-1.0998. However, a review of the school's achievement data for the last two years indicates that student achievement at Oxford showed no statistically significant difference from the achievement of the control students of similar attending traditional schools in any grade in either reading or mathematics where there were a sufficient number of students to make comparisons in either 2006-2007 or 2007-2008.

Effect of Immediate Termination

Under the statutory and contractual provisions governing immediate termination, the School Board must assume the operation of the School and continue operating the School at least through any timely appeal by the School to the State Board of Education. The School Board may not assume any of the debts of the School.

Oxford's governing board and principal were noticed on November 10, 2008, of the intent to recommend immediate termination to the School Board. Should the Board approve this recommendation, Oxford's governing board may, within 30 days after receiving the School Board's decision to terminate the charter school contractual agreement, appeal the decision pursuant to the procedure established in section 1002.33(6)(f), Florida Statute (2008). Should the School not appeal or should an appeal be unsuccessful, District Staff would work with the parents and/or guardians of the School's students to minimize the impact of this situation by transitioning the students into other quality educational programs provided by M-DCPS.

Copies of the notice of termination will be transmitted to the School Board Members under separate cover and will be available for inspection by the public in the Office of Board Recording Secretary, Room 924, and in the Citizen Information Center, Room 158, 1450 NE Second Avenue, Miami, Florida 33132.

RECOMMENDED: That The School Board of Miami-Dade County, Florida approve the immediate termination for good cause of the charter school contractual agreement with Oxford Academy of Miami, Inc., on behalf of Oxford Academy of Miami.

MB/EOW/TP:elg